

## Department of Energy

## § 800.204

due installments shall accrue interest at the quarterly current-value-of-funds-rate specified by the Treasury for overdue accounts. Prepayments may be made at any time without penalty.

(4) The borrower shall have appropriate opportunities, as specified in the loan agreement, to cure any default, failure, or breach of any of the covenants, conditions and obligations undertaken by the borrower pursuant to the provisions of the loan agreement.

(5) Loans of \$10,000 or less will be disbursed in a single disbursement. Disbursement of loans larger than \$10,000 shall be per schedule and documentation specified by the Secretary.

(6) The loan may be used by the borrower to defray as much as, but no more than, 75 percent of the cost of the bid or proposal within the limitations specified in § 800.200, on allowable costs. Costs incurred by the borrower prior to the effective date of the loan agreement, and allowable under § 800.200, may be credited toward the borrower's share of costs if, in DOE's judgment, they were primarily related to the bid or proposal, but shall not be reimbursed from the loan.

(7) The borrower shall make periodic reports regarding the bid or proposal.

(8) The borrower shall maintain good standing under Federal, State and local laws and regulations applicable to the conduct of its business, including current payment of all taxes, fees and other charges and all requisite licenses and other governmental authorization necessary for the continued operation of the business throughout the term of the loan.

(9) The borrower shall remain a minority business enterprise throughout the term of the loan.

(10) The borrower shall return funds disbursed, but not required together with accrued interest thereon, to DOE, or to the servicing agent, if applicable, when its bid or proposal is ready for submission. The return of unrequired funds shall be by check separate from any payment of interest or principal, shall be identified by the borrower as a return of unrequired funds, and shall be accompanied by the borrower's certification that so much of the loan as has been disbursed to the borrower and not returned has been, or will be, expended

by the borrower for costs allowable under § 800.200.

(11) Such other provisions as the Secretary deems appropriate.

(b) The loan agreement shall also provide for loan servicing and monitoring in accordance with § 800.300 and § 800.301, loan limitation in accordance with § 800.302, assignment and transfer in accordance with § 800.303, default in accordance with § 800.304 and appeals in accordance with § 800.307.

(c) The Secretary may require, as preconditions to disbursement, that the borrower have specified amounts of working capital (including amounts derived from Federal financial assistance) and maintain specified financial ratios, where in the Secretary's judgment satisfaction of such preconditions is necessary to assure the borrower's ability to make and perform the contract, agreement or subcontract according to the bid or proposal, or is otherwise necessary to protect the interests of the United States.

(d) The Secretary may require pledges, personal guarantees and other collateral security, and the maintenance of insurance on the borrower's assets and principals, in amounts and on terms appropriate in the Secretary's judgment, to protect the interests of the United States.

### § 800.203 Loan limits.

The Secretary shall not make a loan in excess of \$50,000, or make aggregate loans to the same minority business enterprise, including its affiliates, in any Federal fiscal year in excess of \$100,000. In addition, the Secretary shall not increase a loan to an amount which would cause the limits set forth in the previous sentence to be exceeded. Nothing in this regulation shall be interpreted to restrict the Secretary, in making the various determinations provided for in this regulation, from taking into account considerations relating to the Office of Minority Economic Impact loan program as a whole.

### § 800.204 Deviations.

(a) To the extent consistent with the Act, relevant appropriations acts, and other applicable statutes, DOE may deviate on an individual application basis

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from the requirements of this regulation upon a finding by the Secretary that such deviation is necessary or appropriate in the individual case for the accomplishment of program objectives.

(b) The contracting officer may, subject to written agreement by other necessary parties, modify or amend the terms and conditions of a loan provided that such modification or amendment shall be consistent with this regulation.

### **Subpart D—Loan Administration**

#### **§ 800.300 Loan servicing.**

(a) Servicing of a loan under this regulation may be performed by DOE, by another Federal agency, or by a servicing agent (commercial bank, broker, or other financial institution or entity) having the capability, and legally qualified, to service the loan consistently with the requirements of this regulation, which contracts with DOE to act as servicing agent. In determining the capability of a prospective servicing agent, DOE shall give due consideration to the experience of the agent in providing financial services to minority business enterprises.

(b) If the servicing of the loan is by contract or other agreement, such contract or other agreement shall provide that the loan shall be serviced in accordance with this regulation and with the terms and conditions of the loan, under a standard of performance that a reasonable and prudent lender would require as to its own similar loan. Servicing responsibilities shall include, but not necessarily be limited to, the following:

(1) Loan disbursements as set forth in the loan agreement.

(2) Collection of principal and interest payments on a monthly basis.

(3) Maintenance of records on loan accounts.

(4) Notification of the Secretary, without delay, as to the following:

(i) That the initial disbursement or loan drawdown is ready to be made, together with evidence from the borrower that the bid or proposal preparation has begun or is about to begin.

(ii) The date and amount of each subsequent disbursement under the loan.

(iii) Any nonreceipt of payment within 10 days after the date specified for payment, together with evidence of appropriate notification to the borrower.

(iv) Any known failure by the borrower to comply with the terms and conditions of the loan agreement.

(v) Evidence, if any, that the borrower is likely to default on any condition set forth in the loan agreement or may be unable to make the next scheduled payment of principal or interest.

(5) Submittal to DOE of periodic (semi-annual or annual) reports on the status and conditions of the loan and of the borrower.

#### **§ 800.301 Monitoring.**

The Secretary shall have the right to audit any and all costs of the bid or proposal for which the loan is sought or made and to exclude or reduce the includible amount of any cost in accordance with § 800.200. Auditors who are employees of the United States Government, who are designated by the Secretary of Energy or by the Comptroller General of the United States, shall have access to, and the right to examine, any directly pertinent documents and records of an applicant or borrower at reasonable times under reasonable circumstances. The servicing agent, if any, shall make information regarding the loan available to the Secretary of Energy and Comptroller General to the extent lawful and within its ability. The Secretary may direct the applicant or borrower to submit to an audit by public accountant or equivalent acceptable to the Secretary.

#### **§ 800.302 Loan limitation.**

The Secretary may limit the loan by written notice to the borrower to those amounts, if any, already disbursed under the loan, if the Secretary has determined that the borrower has failed to comply with a material term or condition set forth in the loan agreement.

#### **§ 800.303 Assignment or transfer of loan.**

Assignment or transfer of the loan and obligations thereunder may be made only with the prior written consent of the Secretary.